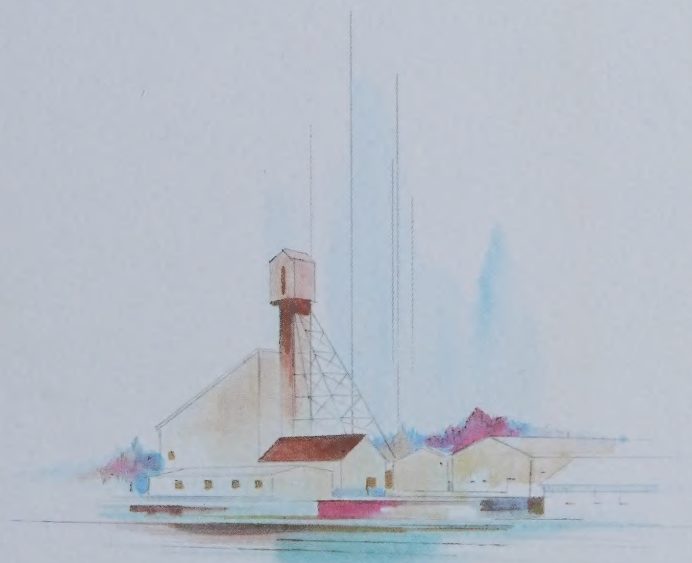


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DICKENSON MINES

L I M I T E D



**ANNUAL
REPORT**

1 9 6 7

DICKENSON MINES LIMITED



DIRECTORS

A. W. WHITE, President	- - - - -	Toronto, Ont.
C. R. DIEBOLD, Vice-President	- - - - -	Buffalo, N.Y.
Chairman of the Board, Western Savings Bank of Buffalo		
F. A. FELL, General Manager	- - - - -	Toronto, Ont.
M. L. URQUHART	- - - - -	Toronto, Ont.
Senior Vice-President, McIntyre Porcupine Mines Ltd.		
R. A. JODREY	- - - - -	Hantsport, N.S.
President, Minas Basin Pulp and Power Co. Ltd.		
S. C. SMITH	- - - - -	Toronto, Ont.
George Weston Ltd.		
R. F. ROCK	- - - - -	Mountainhome, Penna.
Investment Adviser		

OFFICERS

ARTHUR W. WHITE	- - - - -	President
CHARLES R. DIEBOLD	- - - - -	Vice-President
H. RODNEY HEARD	- - - - -	Secretary-Treasurer
JAMES GEDDES	- - - - -	Assistant Secretary
LOUIS V. BARBISAN	- - - - -	Assistant Treasurer
FRED A. FELL	- - - - -	General Manager

EXECUTIVE OFFICE

25 Adelaide St. West, Suite 416	- - - - -	Toronto, Ont.
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MINE OFFICE

Balmertown, Ontario.

AUDITORS

McDonald, Nicholson & Co.	- - - - -	Toronto, Ont.
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BANKERS

Canadian Imperial Bank of Commerce	- - - - -	Toronto, Ont.
The Bank of Nova Scotia	- - - - -	Toronto and Balmertown, Ont.

REGISTRAR AND TRANSFER AGENTS

The Sterling Trusts Corporation	- - - - -	Toronto, Ont.
Bank of New York	- - - - -	New York City, N.Y.
The First National Bank of Jersey City	- - - - -	Jersey City, N.J.

ANNUAL MEETING

Thursday, May 23rd, 1968, at 10:30 a.m. (Toronto Time) Tudor Room,
Royal York Hotel, Toronto, Ontario.

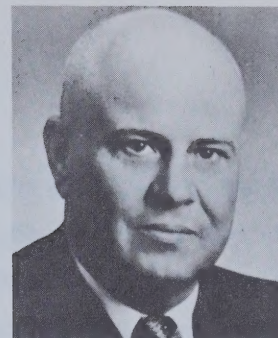
SUMMARY

DICKENSON MINES LIMITED

7 YEAR RECORD

	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>	<u>To date</u>
Bullion production	3,101,000	3,615,000	3,484,000	3,453,000	3,476,000	3,408,000	3,142,000	48,611,000
Emergency gold mining assistance	507,000	258,000	205,000	208,00	—	—	—	2,833,000
Depreciation	256,000	253,000	249,000	215,000	207,000	183,000	224,000	4,931,000
Dividends from Kam-Kotia Mines Ltd. ..	404,000	202,000	—	—	—	—	—	606,000
NET PROFIT	838,000	809,000	744,000	858,000	827,000	1,135,000	703,000	10,638,000
Net profit per share	24¢	23¢	21¢	24¢	24¢	32¢	20¢	—
Dividends paid per share	10¢	10¢	22¢	28¢	26¢	18¢	18¢	—
Shares issued	3,514,340	3,514,340	3,514,340	3,510,340	3,510,340	3,510,340	3,510,340	—
Tons of ore milled	168,577	172,526	177,353	177,874	178,527	175,767	171,935	2,733,000
Grade — ounces per ton (Millheads) ..	0.530	0.601	0.562	0.560	0.554	0.559	0.561	0.550
Ounces of gold produced	81,830	95,563	92,096	91,244	91,709	90,522	88,358	1,354,494
Ore reserves, Tons	537,473	571,986	586,777	589,230	591,369	576,717	467,550	—
Grade, ounces per ton	0.530	0.536	0.546	0.538	0.507	0.515	0.543	—
Employees	276	287	266	284	290	290	265	—
Shareholders	3,870	4,000	3,975	4,488	4,151	4,240	4,203	—

PRESIDENT'S REPORT TO SHAREHOLDERS



ARTHUR W. WHITE

On behalf of your Directors, I am pleased to report to you on the operations and affairs of Dickenson Mines Limited for 1967, another successful year. The higher dividends received from Kam-Kotia, the increase in Emergency Gold Mining Assistance and the reduction in mine exploration and development expense were sufficient to offset the lower production experienced, with the result that the net profit of \$838,201 was higher than that earned in 1966.

Throughout 1967 the No. 2 (internal) shaft operated satisfactorily. Actual sinking of the No. 2 shaft was completed in 1966, and work connected with this operation in 1967 consisted of excavation of the associated ore and waste pass systems. Shaft sinking and related development expenditures declined from \$457,835 in 1966 to \$79,231 in 1967. Development of the mine from the No. 2 shaft was in the preliminary stage at the end of the year.

The exploration department based at the

mine examined 33 properties and projects, and staked 99 claims.

Detailed descriptions of operations and development at the mine, and the exploration activities conducted from the company's office at Balmertown appear in the report of Mr. F. A. Fell, General Manager of the company.

The policy declared in our 1966 annual report of retiring the company's bank indebtedness as quickly as possible without adversely affecting its investment portfolio was followed conscientiously. Bank loans were \$668,000 lower at December 31, 1967, than at the end of 1966. We plan to continue following this policy as your directors consider it to be in the best interests of the company at this time.

Dickenson holds a substantial investment in Tundra Gold Mines Limited, at a total cost of \$1,643,000. Due to steady deterioration in the grade of ore being located and mined at Tundra, an independent study of the potential of the mine was undertaken.

After review of the results of the study, the directors of Tundra decided that operations there should be discontinued, and the property placed on a caretaking basis. In view of this situation, your directors concluded it would be misleading to permit Dickenson's investment in Tundra to appear in financial statements at cost, therefore, they approved an appropriation from Earned Surplus of \$1,500,000 to provide for a decline in value of this investment. Tundra plans to maintain its buildings, plant and property in a condition that would make possible prompt resumption of operations if conditions should change in a way to warrant such action.

Lake Cinch Property

After lengthy negotiations, on September 8, 1967, Dickenson entered into an agreement with Hurley River Mines Ltd. (since reorganized as Hurley Uranium Ltd.), whereby Dickenson sold to Hurley its mining property situated in the Improvement District of Uranium City, Saskatchewan, (the Lake Cinch Property), for a net consideration to Dickenson of \$50,000 cash and 375,000 shares of Hurley Uranium Ltd. The terms of the agreement provide that Dickenson has the option to participate in future financing of Hurley to the extent of 12½%, and representation on the Board of Directors of that company.

Hurley is proceeding with plans and negotiations for the exploration and development to production of this property.

OTHER INTERESTS

Kam-Kotia Mines Limited — 47% owned

Kam-Kotia's net income for 1967 was \$1,213,886 (29¢ per share) compared with \$1,965,371 (46¢ per share) in 1966.

After completion, early in 1967, of the shaft deepening started in 1966, Kam-Kotia experienced heavy costs in the development of the newly opened 6th, 7th, 8th, and 9th levels. This work restricted mining operations to a certain extent, therefore it was necessary to draw a substantial portion of ore from the low-grade surface stockpile to provide sufficient material for milling. By October, however, underground production was in balance with milling.

In view of Dickenson's interest in Kam-Kotia Mines Limited a copy of the annual report of that company is being forwarded to all shareholders of Dickenson in order that they may have a more comprehensive review of the affairs and operations of that company. A copy of the Kam-Kotia report will be made available to any readers of this report, upon request addressed to Dickenson Mines Limited.

Jameland Mines Limited — 33% owned

The surface drilling program referred to in our 1966 annual report was continued through 1967, and has indicated 12 ore lenses. Ore reserves based on drill results at Jameland are estimated by the Kam-Kotia staff as follows:

Probable ore — 450,000 tons grading 1.97% copper.

Indicated and possible — 300,000 tons grading 1.30% copper.

Late in 1967 preparations for underground development of the Jameland property were started, a shaft site was selected, cleared, ditched, drained, and stripped for shaft-collaring and plant installation. The shaft was collared in rock and concreted early in the new year. Mining plant design is well advanced and much of the equipment is already on the site. Shaft sinking will start about the middle of 1968 using a permanent mining plant.

OUTLOOK

We anticipate that more efficient operating procedures adopted in 1967 will tend to offset the higher labour, material and other costs expected in 1968, resulting in

a net profit for 1968 that will compare favourably with that of 1967.

APPRECIATION

The directors wish to extend the sincere appreciation of the shareholders to the management, staff and employees of the company for their loyalty, cooperation and good work throughout the year. The major underground development program now nearing completion has added considerably to the work and responsibility assumed by several members of the staff for a number of years. In recognition thereof, on September 11, 1967, your directors were pleased to approve the granting of options to certain of the company's employees to purchase a total of 41,660 shares in the capital of the company at \$3.00 per share, on or before December 27, 1968.

Respectfully submitted
on behalf of the Board,

A. W. WHITE,
President.

Toronto, Ontario,
March 20, 1968.

DICKENSON MINES LIMITED

(Incorporated under the Laws of the Province of Ontario)

(With comparative figures at December 31, 1966)

ASSETS

	1967	1966
Current Assets:		
Bullion on hand and in transit, at net realizable value	\$ 266,501	\$ 282,639
Emergency gold mining assistance receivable	174,345	135,904
Accounts receivable and accrued interest	87,922	128,938
Prepaid expenses	15,893	30,296
Total current assets	544,661	577,777
Special Refundable Tax	34,550	34,550
Investments and Advances, at cost less allowance for decline in value (Summary attached)	5,016,104	6,435,622
Interests in Subsidiary Companies (Note 1), at cost (Summary attached)	137,446	180,638
Stores and Supplies, at average cost	409,403	468,131
Fixed Assets, at cost:		
Buildings, machinery and equipment	5,642,804	5,560,172
Less: Accumulated depreciation	4,848,583	4,647,738
	794,221	912,434
Mining claims	254,227	264,227
Townsite lots	98,320	101,535
	1,146,768	1,278,196
Other Assets and Deferred Charges:		
Interest in and expenditures on outside mining properties	746,674	715,164
Less: Amounts written off (Note 7)	385,967	361,684
	360,707	353,480
Deposits with government agencies	18,638	19,765
Other deferred charges	19,579	11,600
	398,924	384,845
	<u>\$7,687,856</u>	<u>\$9,359,759</u>

Subject to accompanying report of this date.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

Toronto, February 8, 1968.

The accompanying notes for

Balance Sheet

December 31st, 1967

LIABILITIES

Current Liabilities:

	1967	1966
Bank overdraft	\$ 53,279	\$ 45,659
Bank loans — secured (Note 2)	1,070,000	1,738,000
Accounts payable and accrued liabilities	249,927	240,060
Wages accrued	33,392	37,431
Mining taxes accrued	18,418	27,036
Funds payable under mortgage agreement (Note 3)	16,500	52,000
Deposit re sale of mining claims (Note 11)	40,000	—
Total current liabilities	<u>1,481,516</u>	<u>2,140,186</u>

Shareholders' Equity:

Capital stock (Note 4)		
Authorized 3,750,000 shares of \$1.00 each \$3,750,000		
Issued 3,514,340 shares	3,514,340	3,514,340
Surplus		
Contributed surplus (unchanged during year)	1,346,809	1,346,809
Earned surplus	1,345,191	2,358,424
	<u>2,692,000</u>	<u>3,705,233</u>
Total shareholders' equity	<u>6,206,340</u>	<u>7,219,573</u>

Approved on behalf of the Board:

A. W. WHITE, Director.

S. C. SMITH, Director.

\$7,687,856

\$9,359,759

DICKENSON MINES LIMITED

STATEMENT OF OPERATIONS

For the year ended December 31, 1967

(With comparative figures for the year ended December 31, 1966)

Revenue:	1967	1966
Bullion production	\$3,101,445	\$3,614,593
Emergency gold mining assistance	507,276	276,019
	<u>3,608,721</u>	<u>3,890,612</u>
Expense:		
Marketing	25,640	27,713
Exploration and development	455,573	773,962
Mining	1,196,260	1,177,249
Milling	528,958	503,509
Mine management, office and general	409,452	374,461
Head office administration and general	144,310	135,765
Interest on bank loans	95,978	107,697
	<u>2,856,171</u>	<u>3,100,356</u>
Operating Profit	752,550	790,256
Other Income:		
Dividend from Kam-Kotia Limited	403,502	201,750
Income from other investments	49,729	52,755
Profit on sale of fixed assets	9,240	752
Profit on sale of investments	728	82,789
	<u>1,215,749</u>	<u>1,128,302</u>
Other Expense:		
Provision for depreciation of buildings, machinery and equipment (Note 6)	256,163	253,435
Provision for tax under the Mining Tax Act, Ontario	18,400	26,500
Outside exploration written off (Note 7)	24,283	39,690
Adjustment of prior year's expenses	13,932	—
Adjustment of prior years' estimates of emergency gold mining assistance	64,770	—
	<u>377,548</u>	<u>319,625</u>
Net Profit for the year	<u>\$ 838,201</u>	<u>\$ 808,677</u>

The accompanying notes form an integral part of this statement.

DICKENSON MINES LIMITED

STATEMENT OF EARNED SURPLUS

For the year ended December 31, 1967

(With comparative figures for the year ended December 31, 1966)

	1967	1966
Balance at beginning of year	\$2,358,424	\$1,901,181
Add:		
Net profit for the year	838,201	808,677
	<u>3,196,625</u>	<u>2,709,858</u>
Deduct:		
Dividends paid	351,434	351,434
Provision for decline in value of investments and advances (Note 10)	1,500,000	—
	<u>1,851,434</u>	<u>351,434</u>
Balance at end of year	<u>\$1,345,191</u>	<u>\$2,358,424</u>

The accompanying notes form an integral part of this statement.

AUDITORS' REPORT

To the Shareholders,
Dickenson Mines Limited,
TORONTO, Canada.

We have examined the attached balance sheet of Dickenson Mines Limited as at December 31, 1967, together with the statements of operations, earned surplus and source and disposition of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of operations, earned surplus and source and disposition of funds present fairly the financial position of the company as at December 31, 1967, and the results of its operations and sources and dispositions of funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,

Toronto, February 8, 1968.

Chartered Accountants.

DICKENSON MINES LIMITED

STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

For the year ended December 31, 1967
(With comparative figures for the year ended December 31, 1966)

Source of Funds:	1967	1966
Net profit from operations	\$ 838,201	\$ 808,677
Add: Charges to operations which in themselves did not require an outlay of funds during the year		
Provision for depreciation	256,163	253,435
Outside exploration written off	24,283	39,690
	1,118,647	1,101,802
Decrease in stores and supplies	58,728	24,826
Decrease in deferred charges	—	11,390
Sales of mining claims	10,000	—
Sale of townsite lots	3,215	1,156
Decrease in deposits with government agencies	1,127	713
	<u>\$1,191,717</u>	<u>\$1,139,887</u>
Disposition of Funds:		
Dividends	\$ 351,434	\$ 351,434
Outside exploration	31,510	34,169
Fixed asset additions (net)	137,950	204,532
Investments and interests in other companies	37,290	180,598
Increase in deferred charges	7,979	—
Refundable federal corporation tax	—	34,550
Decrease in deficiency of working capital	625,554	334,604
	<u>\$1,191,717</u>	<u>\$1,139,887</u>

The accompanying notes form an integral part of this statement.

SUMMARY OF INVESTMENTS AND ADVANCES, AND INTERESTS IN SUBSIDIARY COMPANIES

December 31, 1967
(With comparative figures at December 31, 1966)

	BOOK VALUE	
Investments and Advances:	1967	1966
Kam-Kotia Mines Limited, at cost, 2,017,508 shares (Quoted market value \$6,153,399) (\$6,758,652 in 1966)	\$2,911,236	\$2,911,236
Other Listed Shares, at cost (Quoted market value \$309,369) (\$309,996 in 1966)	745,967	747,167
Other shares and securities, at cost	3,012,690	2,955,919
Mortgage receivable, 6%, due April 15, 1971 (Note 3)	100,000	100,000
Advances	246,211	221,300
	7,016,104	6,935,622
Less: Allowance for decline in value (Note 10)	2,000,000	500,000
	<u>5,016,104</u>	<u>6,435,622</u>
Interests in Subsidiary Companies:		
Shares, at cost	\$ 27,000	\$ 72,267
Advances	110,446	108,371
	<u>\$ 137,446</u>	<u>\$ 180,638</u>

The accompanying notes form an integral part of this statement.

DICKENSON MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1967

1. SUBSIDIARY COMPANIES

The accounts of Duchesne Red Lake Mines Limited and Kenwest Mines Limited have not been consolidated with those of the company as the subsidiaries are dormant or are developing their properties and expenditures since acquisition of control have been deferred to future operations.

2. BANK LOANS

The bank loans are secured by the pledging of marketable securities having an aggregate quoted market value of \$6,037,440.

3. FUNDS PAYABLE UNDER MORTGAGE AGREEMENT

By agreement dated April 11, 1966, the company has undertaken to advance to Rowan Consolidated Mines Limited up to \$100,000. on the security of a first mortgage on all of that company's patented mining claims and buildings, machinery and equipment situate thereon, in the townships of Ball and Todd in the Red Lake Mining Division. The mortgage bears interest at 6% per annum and falls due April 15, 1971. As at balance sheet date the company had advanced \$83,500. under the said agreement. The company has agreed to advance the remaining \$16,500. as required from time to time by the mortgagor for the carrying out of its corporate affairs.

4. EMPLOYEES' STOCK OPTION

During 1967 options were granted to certain employees, which, if exercised, would permit them to purchase 41,660 shares of the company's capital stock at a price of \$3.00 per share up to December 27, 1968. As at December 31, 1967, no shares had been issued under this option plan.

5. INCOME TAXES

Since amounts claimed for income tax purposes in respect of depreciation, development expenditures and other charges exceed the amounts recorded in the company's accounts in 1967, no provision is required for taxes on income for the current year. Taxes otherwise payable for the year would have been \$25,000. had provision therefor been made on the basis of amounts charged to operations. Profit may be affected at some future time should the amounts claimed for tax purposes become less than the amounts then recorded in the accounts.

6. DEPRECIATION

Depreciation has been recorded in the company's accounts using the straight line method at the rate of 15% per annum.

DICKENSON MINES LIMITED

NOTES TO FINANCIAL STATEMENTS Continued

7. OUTSIDE EXPLORATION

Costs incurred in exploration of outside properties have been charged to operations at such time as the company relinquished its interest in such properties.

8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Remuneration of directors and senior officers during the year ended December 31, 1967, amounted to \$78,049. (\$74,124. in 1966).

9. RECLASSIFICATION OF ACCOUNTS

For the purposes of comparison certain of the 1966 comparative figures have been reclassified in order to conform with classifications used in the current fiscal year.

10. ALLOWANCE FOR DECLINE IN VALUE OF INVESTMENTS AND ADVANCES

During 1967 the company increased its allowance for decline in value of investments and advances by \$1,500,000., principally to reflect termination of operations by Tundra Gold Mines Limited in which it holds a substantial interest. The additional provision has been charged to earned surplus in the financial statements.

11. DEPOSIT RE SALE OF MINING CLAIMS

By agreement dated September 8, 1967, with Hurley River Mines Limited (now known as Hurley Uranium Limited) and Charles W. Swenson the company sold, subject to certain covenants on the part of Hurley, its 10 mining claims situated in the improvement District of Uranium City, Saskatchewan, for the following net consideration

- (i) \$10,000. forthwith on the execution of the agreement, and
- (ii) \$40,000. cash and 375,000 shares of Hurley prior to October 31, 1967.

Subsequently, in consideration of a deposit of \$40,000 (referred to in (ii) above) the company granted Hurley an extension of time to January 26, 1968, during which extension all terms of the agreement were complied with.

GENERAL MANAGER'S REPORT



F. A. FELL

The President and Directors,
Dickenson Mines Limited,
Suite 416, 25 Adelaide Street West,
TORONTO, Ontario

Dear Sirs:

This report covering the operations of your Company for the year 1967 is respectfully submitted.

PRODUCTION

168,577 tons of ore were milled yielding 81,829.7 fine ounces of gold and 6,937 fine ounces of silver. The total value of this bullion was \$3,101,400 or a recovery of \$18.40 per ton milled. In addition, benefit received and receivable under the Emergency Gold Mining Assistance Act is estimated to be \$507,300 or \$6.20 per ounce of gold.

Your Company qualified for Emergency Gold Mining Assistance for the year and gold produced was sold to the Royal Canadian Mint. The average value received from the Mint was \$37.76 per ounce for gold, and \$1.70 per ounce for silver.

To date the mine has produced 1,354,641.2 ounces of gold and 115,206.4 ounces of silver with a total value of \$48,616,500 for an average value received from the Mint and the Bank of Nova Scotia of \$35.80 per ounce of gold and \$1.08 per ounce of silver; total tons milled amount to 2,734,715 for a recovery of 0.50 ounces of gold per ton.

ANALYSIS OF OPERATING COSTS

	1967			1966
	Total	Per Ton Milled	Per Ounce	Per Ounce
Shaft Sinking (#2 Shaft)	\$ 79,231	\$.47	\$.97	\$ 4.79
Exploration and Development	376,342	2.23	4.60	3.31
Mining	1,196,260	7.10	14.62	12.32
Milling	528,958	3.14	6.46	5.27
Mine General Expense	409,452	2.42	5.00	3.92
Head Office Expense	144,310	.86	1.77	1.42
Interest on Bank Loans	95,978	.57	1.17	1.12
Marketing Charges	25,640	.15	.31	.29
	<u>\$2,856,171</u>	<u>\$ 16.94</u>	<u>\$ 34.90</u>	<u>\$ 32.44</u>

MINING

Broken ore totalling 70,387 tons remained in the stopes, a decrease of 13,350 tons from the previous year. Also 1,036 tons remained in ore bins and ore passes at year's end.

Of the 165,642 tons of ore hoisted, 13,487 tons grading 0.342 ounces of gold per ton were obtained from development and 152,155 tons grading 0.545 ounces per ton were obtained from stoping and stope preparation. In addition, 2,639 tons grading 0.247 ounces per ton were taken from the surface stockpile. Waste hoisted amounted to 27,040 tons.

Stoping operations were carried on in the North "C", South "C", East South "C", "D", "E", "F" and "H" zones on the upper twenty-two levels. Of the total ore hoisted, the percentages from the zones were — North "C" 5.4%, South "C" 10.4%, East South "C" 57.4%, "D" 8.6%, "E" 1.6%, "F" 9.2%, "H" 6.3% and miscellaneous "I" and "J" 1.1%.

At year's end seventeen stopes were operating as cut and fill and one as shrinkage. Most new stopes are being prepared for cut and fill. Tons broken per rock drill shift in stopes and back stopes were 51.0 compared to 51.4 in 1966. The average stope width was 6.7 feet compared to 6.3 feet the previous year.

EXPLORATION AND DEVELOPMENT

The following is a summary of the development footages completed to the end of 1967 with the previous two years given as a comparison.

	1967	1966	1965	To Date
#1 Shaft	—	—	—	3,589
#2 Shaft	—	1,231	18	1,249
Station Cutting	—	444	—	1,689
Drifting	3,131	3,042	5,300	88,076
Crosscutting	2,384	1,538	1,667	65,216
Raises	983	2,297	1,726	43,841
Ore Passes	299	14	—	4,367
Waste Passes	755	14	—	4,054
Slashing	629	553	654	19,181
Diamond Drilling:				
Surface	—	—	415	60,721
Underground	50,613	46,146	42,780	827,065

Developments of major interest — Reference can be made to the map in this report to obtain the relative locations of the ore zones mentioned here and the vertical depth of the levels below surface.

(1) The #2 Shaft (internal) operated satisfactorily throughout the year. The construction of the loading pocket, main sump and pump station, the spill pocket, and the skip dump was completed. These items are all in operation. The crosscuts from the #2 Shaft Stations to the ore and waste pass grizzly locations have been completed from the twenty-fourth to thirtieth levels with the exception of the twenty-sixth level. The ore and waste pass raises were one-third completed at year's end with the waste pass having been driven from the loading pocket, situated below the thirtieth level, to the twenty-seventh level and the ore pass to the twenty-ninth level.

(2) Development of the mine from the #2 Shaft was in the preliminary stage at year's end.

At the twenty-fourth level development has been primarily in the western portion of the East South "C" zone in which several mineralized vein sections, below ore grade, have been developed. A crosscut is being driven to the South "C" zone, which has been indicated by diamond drilling at the twenty-fourth level.

Drives have been started east and west of the #2 Shaft on the thirtieth level from which diamond drilling will be done to explore the East South "C", South "C", and "J" zones and other areas favourable for ore deposition.

(3) Exploration of the East South "C" zone developed good grade ore on the sixteenth, seventeenth, and twenty-first levels during the year.

In the South "C" zone significant lengths of ore were developed on the twenty-first and twenty-second levels. Diamond drilling indicates possible further ore to be developed at the sixteenth level.

Diamond drilling in the east portion of the "D" zone at the fifteenth and sixteenth levels indicates ore grade values which will be further explored.

ORE DEVELOPED BY DRIFTING

<u>Zone</u>	<u>Lineal Feet</u>	<u>Ounces per Ton</u>	<u>Width Feet</u>	<u>Level</u>
South "C"	516.5	0.38	5.7	21, 22
East South "C"	555.6	0.56	5.8	16, 17, 21
Total and Average	<u>1,072.1</u>	<u>0.47</u>	<u>5.7</u>	

REMARKS ON ORE ZONES

North "C" — mining of ore remnants continues in this zone above the third level. Several sills remain to be mined.

South "C" — mining and stope preparation are in progress on the fourteenth, seventeenth, twenty-first and twenty-second levels. Diamond drilling indicates more possible ore to be developed on the sixteenth level. Some sills remain to be mined.

East South "C" — stoping and stope preparation are being done from the fifteenth to the twenty-second levels. There are several sills to be mined.

"F" — the known ore has been developed. Stope work is confined to the eighteenth and twentieth levels. Some sill work remains to be done.

"D" — mining and stope preparation are in progress on the fifteenth, sixteenth and eighteenth levels. Some stoping remains to be done at the eighth level. Diamond drilling indicates possible ore to be developed on the fifteenth and sixteenth levels.

"H" — stoping and stope preparation are in progress on the seventeenth and eighteenth levels with mining left to be done on the fifteenth and sixteenth levels. No ore has been found above the fourteenth or below the nineteenth levels in this zone.

"E" — a small tonnage remains to be mined in this zone above the seventh level.

"J" — a small tonnage of moderate grade ore is to be mined in this zone at the twenty-third level. This zone is being explored below the twenty-third level.

"B", "G", "I" — a small tonnage of ore has been found in these zones to date.

ORE RESERVES

At December 31, 1967, positive ore reserves, broken and in place, were calculated to be 537,473 tons having an average grade of 0.530 ounces of gold per ton. This compares with 571,986 tons grading 0.536 ounces per ton at December 31, 1966. The distribution of ore is as follows:

		Tons	Grade
Above	1st level	17,030	0.52
"	2nd level	7,657	0.49
"	3rd level	28,272	0.52
"	4th level	1,393	0.40
"	5th level	375	0.34
"	6th level	10,253	0.46
"	7th level	17,007	0.47
"	8th level	14,686	0.51
"	9th level	7,898	0.45
"	10th level	8,229	0.57
"	11th level	2,403	0.45
"	12th level	2,335	0.76
"	13th level	1,654	0.56
"	14th level	10,074	0.58
"	15th level	26,924	0.37
"	16th level	60,862	0.47
"	17th level	111,851	0.49
"	18th level	71,436	0.52
"	19th level	24,424	0.66
"	20th level	30,272	0.67
"	21st level	35,990	0.82
"	22nd level	36,042	0.49
"	23rd level	10,406	0.43
		<u>537,473</u>	<u>0.530</u>

(All high assays cut to 2.00 ounces.)

Positive Ore Reserves by Zones:

Zone	Tons	Grade	Percentage
North "C"	82,153	0.500	15.3
South "C"	69,337	0.539	12.9
East South "C"	250,724	0.584	46.6
"D"	26,267	0.578	4.9
"E"	10,685	0.464	2.0
"F"	26,119	0.562	4.8
"H"	69,005	0.348	12.8
"I"	47	0.620	0.1
"J"	3,136	0.409	0.6
	<u>537,473</u>	<u>0.530</u>	<u>100.0</u>

MILLING

Summary of Mill Operations with the previous year given as comparison.

	1967	1966
Tons treated	168,577	172,526
Percent operating time	98.45	99.35
Tons treated per day	461.9	472.7
Average value mill heads in ounces of gold per ton	0.530	0.601
Assay of mill tails in ounces of gold per ton	0.044	0.047
Recovery in ounces of gold per ton	0.486	0.554
Percent recovery	91.7	92.2

EXPLORATION DEPARTMENT BASED AT MINE OFFICE

During 1967, prospecting and staking activities were confined mainly to Northwestern Ontario, and primarily in the Red Lake Mining Division.

During the year the following properties and prospects were examined and reported on: 16 copper-nickel, 10 gold-silver, 2 lead-zinc, 1 molybdenite, 3 magnetite (iron) and 1 cesium-tantalum as well as several uranium prospects in the Elliot Lake area.

At North Spirit Lake, 66 claims were staked for their future iron potential. This property lies some 110 miles north of Red Lake. Also 33 claims were staked on a copper-zinc prospect at Shabu Lake, Red Lake Mining Division. Exploratory work done on these claims was inconclusive.

One diamond drill hole was deepened from 400 to 1,100 feet on a 5 claim group in Balmer Township, Red Lake Mining Division. Although no commercial values were obtained, interesting structures were intersected by the hole and the claims will be brought to lease.

At year end, Dickenson held a total of 195 claims in nine groups; of which seven groups are gold-silver prospects, one group is a copper-zinc prospect and one group is a magnetite (iron) prospect.

Several companies and prospectors, active in the area, have continued to use the Dickenson Assay Office for custom work.

CAPITAL EXPENDITURES

Capital expenditures for the year amounted to \$159,735.00 and included the following as the major items:

Surface

- 1 — Tractor and truck garage — Butler building 48' x 40'.
- 1 — Wood stave tank — 15' diam. x 18' height for mill tailings backfill storage in mill.
- 2 — 77 H.P. HRT wood fired boilers converted to automatic propane gas fired burners for standby plant heating.

Underground

- 1 — Mather and Platt No. 1-11 stage Plurovane pump with C.G.E. 200 H.P. motor for #2 Shaft.
- 2 — Used C.I.R. HNNIJ — double drum slushers.

GENERAL

During 1967 cost levels were generally held in check despite an increase in wages and workmen's compensation totalling 7%. Improvements in mining methods and practices were initiated in 1967, the full benefit of which will be realized in 1968. Changes have also been made in the mill which should help to check inflationary trends.

The two principal areas of cost increase during 1967, apart from labour, were the operation of the #2 Shaft System, and the higher electric power rates for heating purposes.

Labour, both skilled and inexperienced, was in particularly short supply resulting in a decreased number of tons milled as compared to 1966. In order to alleviate this problem the Company is providing housing for married men, in an attempt to reduce the large turnover of single employees. Secondly, a program for training inexperienced employees has been inaugurated. The Ontario Department of Labour is paying for a portion of the cost of this program.

The operating force at the year end, including staff but not part-time students or contract diamond drillers, numbered 262 as compared with 271 in 1966.

The safety record of Dickenson Mines for 1967 was good, the Company placing second in the Ontario John T. Ryan Trophy competition.

During the year paving of Highway 105 to the Trans-Canada Highway was completed, a two-lane concrete bridge was built over the Chukuni River, replacing the bailey bridge, and the Balmertown by-pass highway was completed.

In Balmertown, improvements and additions were made to the public school, the library, the medical centre, and various recreational facilities. Six new dwellings were built to accommodate members of the Ontario Provincial Police. The telephone company converted its equipment to a 7 digit dialling exchange.

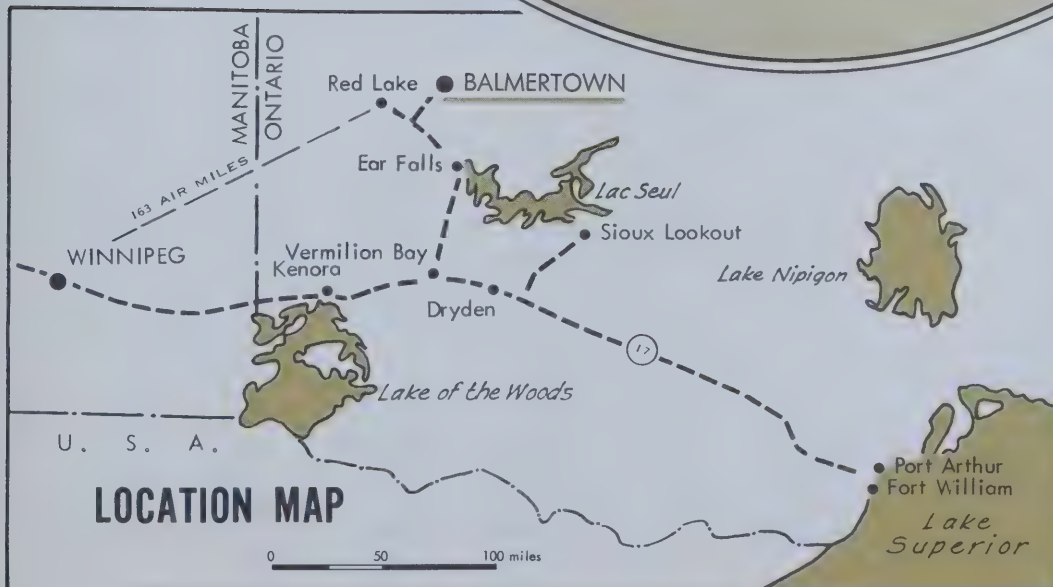
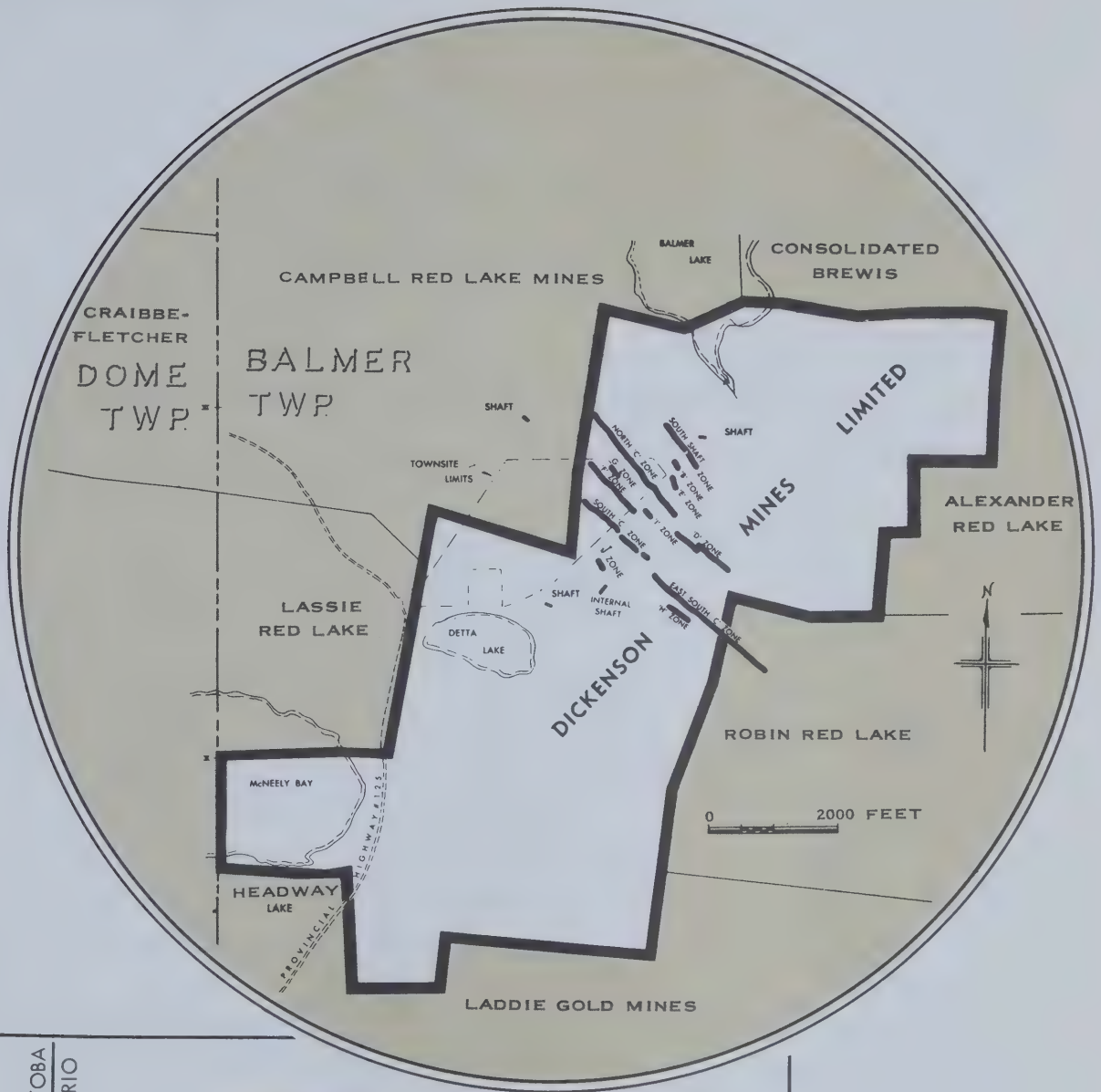
Weight of supplies delivered to the property:

From local sources (mainly timber, gravel, oils and greases)	4,385 tons
From the Railhead (chemicals, steels and general supplies)	1,908 tons
Direct Trucking (explosives, mill balls, etc.)	210 tons
	<hr/>
	6,503 tons
	<hr/>

In conclusion I wish to take this opportunity to thank you, the President and Directors, for your guidance and support, and to express my appreciation to the Mine Manager, his Department Heads and Employees who have efficiently served your Company during the past year.

Yours very truly,

F. A. FELL,
General Manager

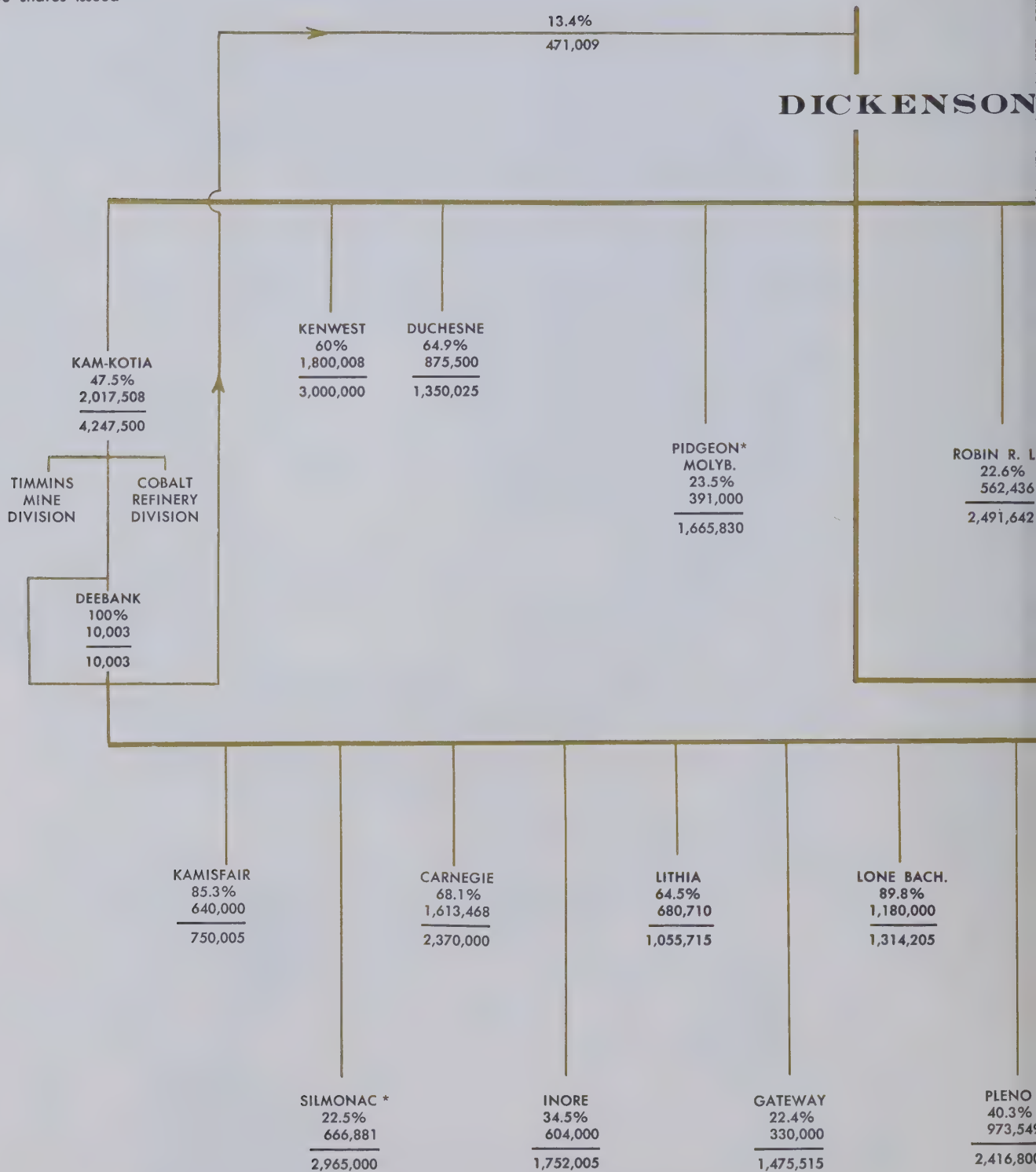


EXAMPLE

20.6% shares held ÷ shares issued

491,000 shares held

2,379,000 shares issued



MINES LIMITED

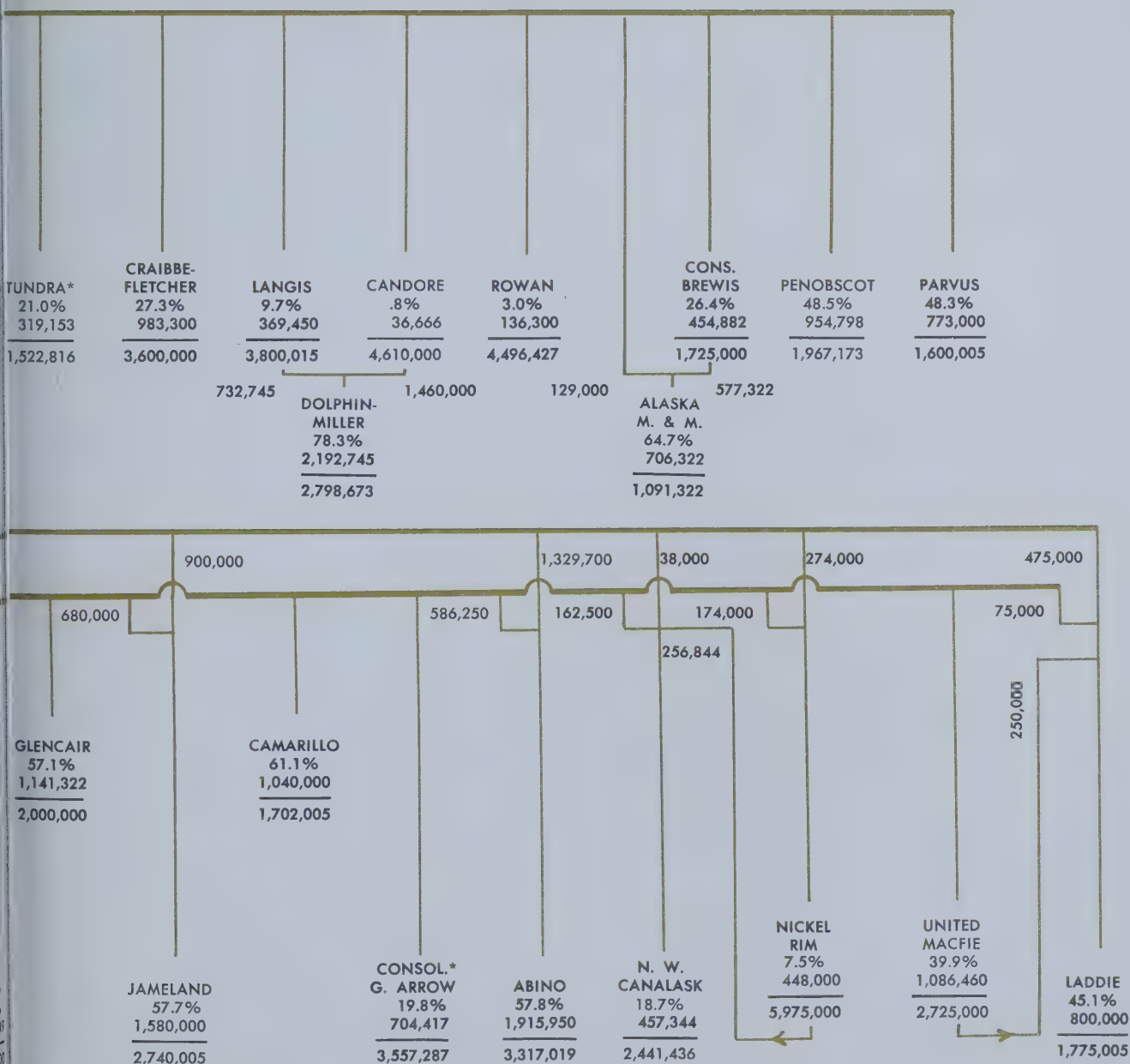
IT CHART

(OLDINGS)

December 31, 1967

Mid-North Engineering Services Limited manages all the undernoted companies except those marked (*).

MINES LIMITED



RECORD OF OPERATIONS





